



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

May 27, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

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Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**PRELIMINARY REPORT – SAN FERNANDO REDEVELOPMENT PROJECT PLAN
AMENDMENTS - CITY OF SAN FERNANDO (THIRD DISTRICT)**

Consistent with Board policy and direction, we are advising your Board that the City of San Fernando sent us the Preliminary Report for the proposed amendments to the San Fernando Redevelopment Projects. The Preliminary Report includes the following information:

- Map of the Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The amendment proposes to:

1. Merge the Project Area Nos. 1, 1A, 2, 3, 3A, and 4;
2. Amend, restate, and consolidate the redevelopment plans into a single consolidated redevelopment plan;

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3. Replace the individual limits on the number of dollars that may be allocated to the Agency from Project Area Nos. 1, 1A, 2, 3, and 3A with a single limit of \$267,000,000;
4. Replace the individual limits on the amount of bonded indebtedness that can be outstanding at any one time for Project Area Nos. 1, 1A, 2, 3, 3A, and 4 with a single limit of \$80,000,000; and
5. Extend the time limits for the effectiveness of the plans, receipt of tax increment, and establishing loans to the maximum allowable by Law.

The amendments will provide the Agency with the additional financial resources necessary to complete the redevelopment program activities identified in each redevelopment plan, including economic development, community enhancement, affordable housing, and other projects.

Our Office conducted an analysis of the proposed amendments, which included a review of the Preliminary Report and site visits to the project areas. Based on the analysis, this Office believes that the Preliminary Report is generally consistent with the blight requirements contained in Redevelopment Law. However, CEO staff and County Counsel are concerned with a procedural irregularity in the mechanism for addressing the dollar cap in Project No. 3A. This Office would have preferred the Agency increase the dollar cap of Project No. 3A, instead of merging the caps. Nonetheless, CEO staff and County Counsel does not object to the proposed amendments as the County would not gain financially or otherwise from an objection.

The Agency has scheduled the Joint Public Hearing to adopt the proposed amendment for June 7, 2010. If you have any questions or need further information, please contact me, or your staff may contact Robert Moran at (213) 974-1130, or via email at rmoran@ceo.lacounty.gov.

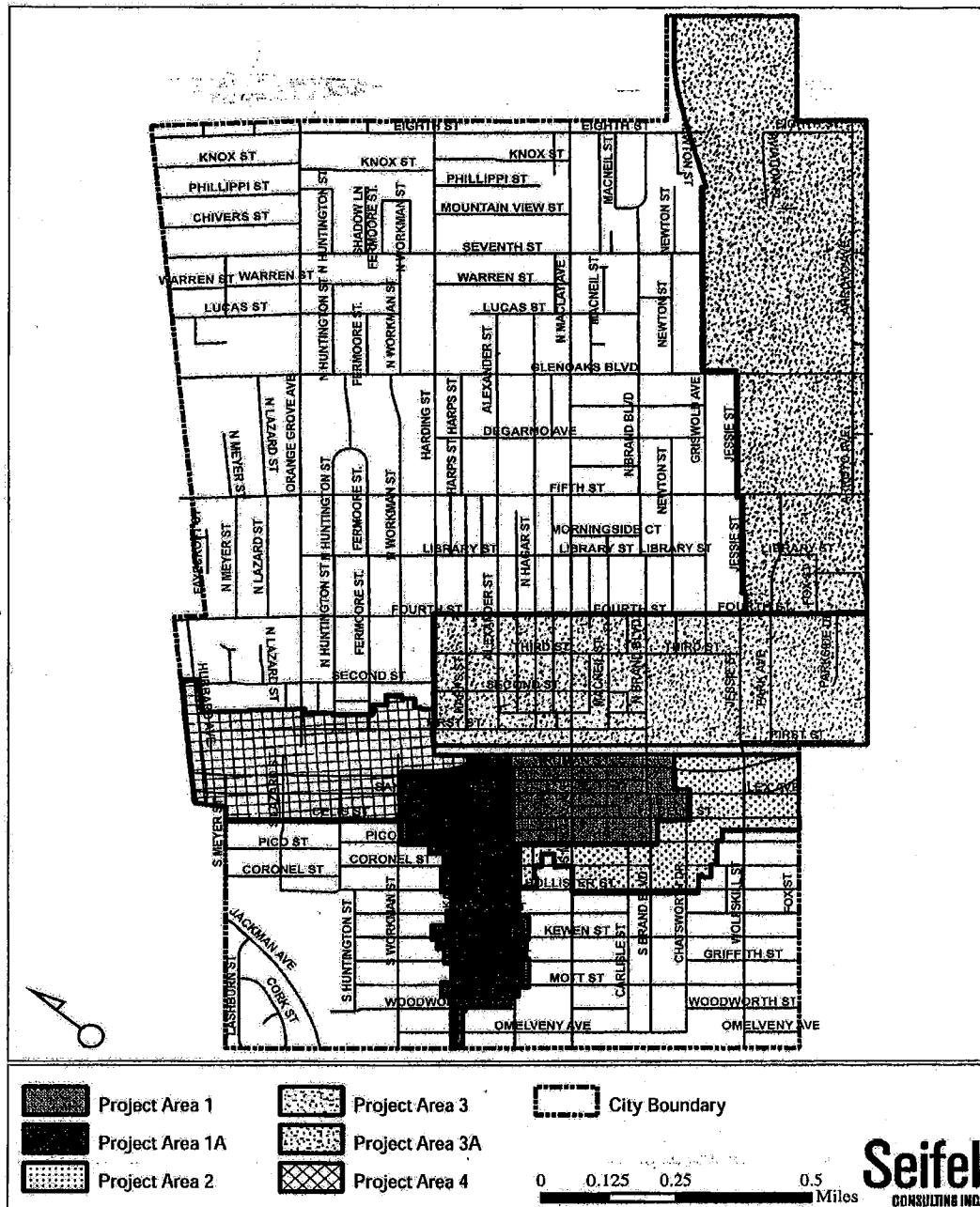
WTF:BC
DSP:RTM:os

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

San Fernando Redevelopment Project Areas

Figure I-1
Location of Project Areas
San Fernando Redevelopment Project Areas



Redevelopment Agency of the City of San Fernando
Redevelopment Plan Amendments

I-5

Preliminary Report
February 2010

PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions:

- Approximately 30 percent of the properties in Project Area No. 1 were rated with "very extensive" or "extensive" physical deficiencies; 46 percent in Project Area No. 2; 22% in Project Area No. 3; and 45 percent in Project Area No. 4 were similarly rated.
- Buildings in the project areas are relatively old, which puts them at higher risk for seismic vulnerability because they predate modern earthquake safety standards: 77 percent of the buildings in Project Area No. 1 were constructed prior to 1973; 69 percent in Project Area No. 2; 78 percent in Project Area No. 3; and 81 percent of the buildings in Project Area No. 4 were constructed prior to 1973.
- A survey of businesses conducted in June 2009 indicated the presence of abnormally high business vacancies. The total vacancies for industrial, retail, and service sector businesses for the project areas was 68. This represented a disproportionate number of citywide businesses vacancies (68 out of 94, or 72 percent).
- The City conducted a survey of residential areas from March through June of 2009 as part of the Local Update of Census Addresses (LUCA). The LUCA survey documented evidence of residential overcrowding with a total of 141 illegal dwelling units located within or directly adjacent to the project areas, including 112 garage conversions, 27 additions, and two trailers being used for habitation.
- Crime rates in the project areas are higher than in other parts of the City, indicating a threat to the health and safety of residents and workers. The number of violent crimes recorded from 2008-09 for the project areas represented 53 percent of the total violent crimes reported citywide, while the project areas represent only 35 percent of the total land area of the City.

LIST OF ESTIMATED PROGRAM COSTS

All Project Areas

Item or Program	Amount
Business Assistance and Retention	\$8,800,000
Development of Vacant Properties	\$3,540,000
Development Assistance	\$5,660,000
Public Facilities and Infrastructure Improvements	\$10,210,000
Street Improvements	\$12,840,000
Park and Bikeway Master Plans	\$10,110,000
Affordable Housing Program	\$61,930,000
TOTAL	\$113,090,000

IMPACT ON COUNTY GENERAL FUND

All Project Areas

Time Limits of Plans – Maximum allowable under Law.

Estimated Project Revenues

- **Assumed Annual Real Property Growth Rate: 2.0%**
- **2009-10 Total Estimated Tax Increment:** \$ 6,902,000
- **Gross Estimated Increment (32-year Collection):** \$255,014,000
- **Housing Set-Aside (20% Minimum):** \$ 50,057,000
- **Contractual Pass-through Payments With Project:** \$ 47,326,000
- **Contractual Pass-through Payments Without Project:** \$ 47,326,000
- **Net Difference to County General Fund:** \$ 0

* Note: Estimated zero impact to the County General Fund is based on the fact that the County General Fund receives "full" pass-through payments for the projects, which will not change under the proposed amendments.